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For Immediate Release

Terry Goddard Calls to Re-Classify “Little Cigars” as Cigarettes

(Phoenix, Ariz. – May 18, 2006) Attorney General Terry Goddard today joined 39 state Attorneys General in filing a petition with the U.S. Department of Treasury’s Alcohol Tobacco Tax and Trade Bureau, asking the federal agency to close a loophole that allows tobacco manufacturers to pass off cigarettes wrapped in paper with trace amounts of tobacco as “little cigars.”

The Attorneys General requested the agency change the way it classifies these “little cigars” and change its policy of allowing tobacco companies to classify their products in a way that avoids public health restrictions and taxes that are placed on cigarettes. A copy of the “petition for rulemaking” is attached.

“These products currently are not subject to any of the provisions of the Master Settlement Agreement or Arizona state cigarette laws,” Goddard said. “My concern stems from the data showing that these ‘little cigars’ are gaining in popularity and jeopardize the progress we’ve made in reducing youth tobacco use.”

Federal data shows that “little cigar” production, sales and consumption have increased dramatically in recent years, while cigarette production, sales and consumption have declined significantly.

The Master Settlement Agreement and Arizona’s tobacco statutes impose regulations on cigarettes sold in Arizona but do not address cigars. Federal and state governments tax cigars at a significantly lower rate than cigarettes. This allows tobacco companies that sell “little cigars” to offer them at lower prices than cigarettes, making them more affordable.

Cigarettes disguised as “little cigars” also are sold in the same varieties as regular cigarettes, such as “light,” “menthol” and “full flavor,” and are often sweetened with flavors such as chocolate, cherry, vanilla, rum, cinnamon and spearmint. These flavors, and their ready availability in packs of five, eight, or even singles, make the product more attractive to teens.

Tobacco is the number one cause of preventable death in the United States. Attorneys General across the country are working to enforce the provisions of the MSA to reduce tobacco use and protect consumers from tobacco's deadly toll.

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